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ECONOMIC INDICATORS

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Outlook for the Hawaiian Economy in 1987

Led by the visitor and construction industries, the Hawaiian economy is roaring ahead at growth rates that could approach the record growth levels of 1984. However, conditions in the United States, Japanese, and Canadian economies and our country's fiscal policies will begin to warrant a more cautious attitude toward Hawaii's growth prospects in 1987.

Continuing slow growth in the national economy could begin to affect Hawaii's westbound visitor counts. Japanese visitors will be encouraged by the appreciation of the yen against the dollar. But, the slowdown in the Japanese economy could reduce potential visitors to Hawaii. Tax reform could have mixed results for the visitor, construction, and real estate industries. Likewise, efforts toward federal deficit reduction will continue to withdraw resources from Hawaii's military sector.

As a whole, the Hawaiian economy has been doing extremely well during 1986. Gross business receipts, a measure of overall business activity in the economy, grew by 8 percent to $19.8 billion in the period between January and September of 1986, compared to the same period in 1985. Given a low inflation rate of 2 percent, real growth in business activity stood at 6 percent. Meanwhile, the unemployment rate fell to 4.5 percent, and the total number of jobs in the state saw a healthy 4-percent increase. Total personal income, adjusted for inflation, grew by 4 percent in the first half of 1986.

The major contributor to Hawaii's positive performance was the visitor industry. In November, the total cumulative overnight-and-longer visitor counts to Hawaii hit the 5 million mark, up by 14 percent over the same period in 1985. Growth was particularly strong in the westbound segment, which was up by 16 percent, while the eastbound segment grew by 12 percent.

The outlook for 1987 will be subject to conflicting factors. Westbound visitor growth rates will most likely slow down due to expected sluggish growth in the visitor industry's major market areas, including California, Chicago, and the Dallas/Fort Worth metropolitan areas. Tax reform will have mixed benefits. Lower tax rates will create greater household after-tax income for some, but higher-income taxpayers will lose many personal deductions. Because the loss of deductions begins in 1987, while lower tax rates are not phased in until 1988 and 1989, the negative impact will be felt in 1987. Phasing out interest deductions on credit-card purchases by visitors, as well as deductions for business-related travel could negatively impact Hawaii's business-related travel, which comprises roughly 13 percent of Hawaii's westbound visitors. The impact on businesses is unclear. Loss of investment tax credits by capital-intensive businesses such as restaurants, car rental, and bus companies could result in higher prices to visitors. International oil prices have already begun to increase, as well as airfares by major air carriers.

The Japanese visitor market will be affected by a slowdown in its economy as exports to the United States decline. Canada, which depends heavily on trade with the U.S., will also be affected. These areas are principal market areas for Hawaii's visitor industry.

Given these conditions, the effect should be a slowdown from the double-digit growth of 1986 to overall visitor growth rates within the 4- to 8-percent range in 1987.

Construction and real estate were the other areas of strength in Hawaii's economy in 1986. Between January and September, growth in construction-put-in-place, adjusted for inflation, stood at a very strong 29 percent compared to the same period in 1985. Meanwhile, the real estate industry was experiencing a 19-percent increase in the sales of single-family homes and a 16-percent increase in the sales of condominium units, compared to the same period in 1985.

The prospects for construction and real estate are mixed. Low interest rates will help, but interest rates are expected to trend upwards in 1987. Tax reform could have some adverse effects. Deletion of the investment tax credit, lengthening of depreciation schedules, and the elimination of tax shelters could affect investment in nonresidential construction. The elimination of preferential tax rates on capital gains could also affect real estate sales. Thus, growth in construction should most likely fall back into the 10- to 20-percent range, while overall real estate sales should grow between 5 to 10 percent in 1987.

The one weak sector was the military. As of the third quarter of 1986, total appropriated military funds were down 9 percent from the previous year. Given the current status of deficit-reduction measures in Congress, the probability of an improvement in prospects does not appear high.

In conclusion, Hawaii's economy appears to be in good health as we near the end of 1986. The outcome for 1987 is less certain. What is clear is that next year will be a year of transition, as the U.S., Japanese, and Canadian economies adjust to slower growth, and consumers, households, and businesses adjust to a new tax system. However, the prospects for positive growth in the Hawaiian economy in 1987 are good, despite the slowdown in growth rates. The overall outlook is thus for positive, but moderate growth in the year ahead.

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NOVEMBER/DECEMBER FEATURE STORY: HAWAII'S GROWING INFRASTRUCTURE NEEDS

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CURRENT BUSINESS TRENDS

In general, the Hawaiian economy continued its wave of steady growth through the third quarter of 1986. Gross business receipts for the state rose to $19.8 billion, up 8 percent, on a cumulative basis, from the third quarter of 1985. Kauai had the greatest increase in gross business receipts at 28 percent, primarily due to its recent boom in tourism.

Tax collections were up as well. Cumulative total tax collections for the state stood at $1.2 billion, up 12 percent from the third-quarter cumulative average of 1985. Kauai lead the state with an increase in tax revenues of 35 percent from 1985.

Employment figures remained promising through the third quarter. The civilian labor force grew to 485,000 and the number of persons employed topped out at 463,000 in September. Unemployment figures looked even more promising with the number of unemployed persons declining to 21,800, down 17 percent from the third quarter of 1985. As a result, the unemployment rate fell to 4.5 percent, down 18 percent from September of 1985.

Another indicator of continued economic expansion shows up in banking statistics. Monthly bank deposits, through September, averaged 12 percent above the same period last year. Debits to demand deposits, which measures checking account activity in the economy, averaged 12 percent above 1985, excluding Kauai. Kauai showed even greater growth in debits to demand deposits to $1.3 million, up 30 percent from the third quarter of 1985. This increase in available funds will be conducive to the further expansion of the Kauai economy.

Tourism, Hawaii's largest industry, showed no signs of slowing through the third quarter with unusually high off-

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	3rd Qtr.	4,234p	1.4	5.0
In 1982 Dollars	bil. $	3rd Qtr.	3,683p	0.6	2.2
PERSONAL INCOME**	bil. $	September	3,512p	0.3	5.3
INTEREST RATES					
AVERAGE PRIME RATE	percent	October	7.50	0.0	−21.1
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	August	382.2r	1.1	8.2
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	July	374.8	0.5¹	1.6
Apts., Hotels, Office Bldgs.	1967 = 100	July	372.3	0.4¹	1.6
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	September	109,891	−0.2	2.2
UNEMPLOYMENT*	thous.	September	8,329	3.8	0.7
UNEMPLOYMENT RATE*	percent	September	6.9	3.0	−2.8
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	October	325.0	0.0	1.2
All Urban Consumers	1967 = 100	October	330.5	0.1	1.5
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	September	289.3p	0.4	−0.9
All Commodities	1967 = 100	August	297.2p	−0.2	−3.3

r = revised.
p = preliminary.
¹Compared to May, 1986.
*Seasonally adjusted.
**Seasonally adjusted at annual rates.

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Sept.	19,847.8	.....	7.5
Oahu	mil. $	Jan.-Sept.	16,637.4	.....	7.0
Maui County	mil. $	Jan.-Sept.	1,389.1	.....	8.0
Hawaii	mil. $	Jan.-Sept.	1,249.0	.....	6.2
Kauai	mil. $	Jan.-Sept.	572.3	.....	27.8
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Sept.	422.9	.....	6.7
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Sept.	192.8	.....	0.6
RETAILING	mil. $	Jan.-Sept.	7,201.4	.....	7.3
WHOLESALING	mil. $	Jan.-Sept.	4,728.3	.....	4.7
SERVICES	mil. $	Jan.-Sept.	4,827.1	.....	8.2
OAHU NEW CAR SALES	number	September	23,894p	.....	−21.4
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	October	308.8	0.1¹	2.0
All Urban Consumers	1967 = 100	October	302.2	0.1¹	2.2
TOURISM					
VISITOR EXPENDITURES	mil. $	1985	4,884p	.....	6.6
OVERNIGHT OR LONGER VISITORS	number	September	391,770p	−28.5	13.8
	number	Jan.-Sept.	4,247,940p	.....	14.9
Westbound	number	September	289,240p	−29.0	13.1
	number	Jan.-Sept.	3,248,740p	.....	15.6
Eastbound	number	September	102,530p	−26.9	15.7
	number	Jan.-Sept.	999,200p	.....	12.5
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Sept.	119,540p	.....	14.1
AVERAGE LENGTH OF STAY	no. of days	Jan.-Sept.	10.0p	.....	−2.0
MEETING ATTENDANCE	number	Jan.-Sept.	168,105	.....	−8.6
ORGANIZED GROUP TOURS	number	Jan.-Sept.	650,660p	.....	1.2
VISITOR COUNT BY COUNTY²					
Oahu	number	September	216,850p	−29.0	7.8
	number	Jan.-Sept.	2,410,980p	.....	12.2
Maui County	number	September	139,100p	−25.7	6.7
	number	Jan.-Sept.	1,531,990p	.....	9.2
Hawaii	number	September	52,750p	−17.1	11.5
	number	Jan.-Sept.	587,620p	.....	11.9
Kauai	number	September	77,480p	−16.9	19.5
	number	Jan.-Sept.	768,290p	.....	21.3

p = preliminary. ¹Compared to April, 1986.
²Estimated Westbound.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS					
STATE	number	Feb., 1986	66,308	.....	0.6
Oahu	number	Feb., 1986	39,010	.....	1.1
Waikiki	number	Feb., 1986	34,650	.....	2.3
Maui (Island)	number	Feb., 1986	13,451	.....	−0.5
Molokai	number	Feb., 1986	635	.....	1.3
Lanai	number	Feb., 1986	10	.....	0.0
Hawaii	number	Feb., 1986	7,280	.....	−3.1
Kauai	number	Feb., 1986	5,922	.....	4.7
HOTEL OCCUPANCY					
STATE	percent	September	72.8	−16.6	7.7
		Jan.-Sept.	83.0	.....	7.4
Oahu	percent	September	76.1	−17.3	3.7
		Jan.-Sept.	86.7	.....	4.8
Maui (Island)	percent	September	72.8	−14.0	3.7
		Jan.-Sept.	83.3	.....	4.3
Hawaii	percent	September	52.7	−21.2	16.3
		Jan.-Sept.	63.6	.....	9.8
Kauai	percent	September	71.4	−14.1	22.7
		Jan.-Sept.	79.7	.....	18.8
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,409.9	.....	−8.9
Military Payroll	mil. $	Yr. to 3rd Qtr.	624.5	.....	−3.5
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	455.2	.....	0.0
Local Purchases	mil. $	Yr. to 3rd Qtr.	330.1	.....	−25.7
SUGAR					
VALUE OF CROP SALES					
(Unprocessed Cane)	mil. $	1985	222.4	.....	−13.2
SUGAR PRODUCTION	thous. tons	Jan.-Oct.	908.7	.....	0.0
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Oct.	416.6p	.....	1.3
PINEAPPLE					
VALUE OF CROP SALES					
(Fresh Equivalent)	thous. $	1985	90.5	.....	0.7
SHIPMENTS: FRESH	thous. lbs.	Jan.-Oct.	204.7	.....	−3.6
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1985	132,126	.....	12.6
FLOWERS & NURSERY PRODUCTS	thous. $	1985	44,247	.....	13.7
Anthurium Outshipments[2]	th. dozens	Jan.-Sept.	1,335.2	.....	18.6
Potted Foliage Plants	thous. $	1985	12,019	.....	19.6
FRUITS & NUTS	thous. $	1985	43,244	.....	9.7
Papaya Sales	th. lbs.	Jan.-Oct.	40,870	.....	−3.9
Average Farm Price	cents/lb.	October	18.0	−37.9	12.5
Macadamia Nut Sales (in shell)	th. lbs.	1985	42,000	.....	11.4
Average Farm Price	cents/lb.	1985	72.5	.....	4.8
VEGETABLES AND MELONS[3]	th. lbs.	Jan.-Oct.	58,703p	.....	2.7
LIVESTOCK	thous. $	1985	82,821	.....	−4.8
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Aug.	22,036	.....	−1.3
Average Farm Price (Feedlot Beef)	cents/lb.	August	83.0	5.1	9.2
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Sept.	4,658	.....	2.1
Average Farm Price	cents/lb.	September	104.5	1.0	1.5
MILK PRODUCTION	mil. lbs.	Jan.-Aug.	105.9	.....	10.5
Average Price Sold to Plants	$/100 lbs.	August	20.10	4.9	−0.9
EGG PRODUCTION	mil.	Jan.-Sept.	170.5	.....	3.6
Average Farm Price	cents/doz.	September	77.0	0.0	18.5
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Oct.	6,132.0	.....	4.5
GAS SALES	th. therms.	Jan.-Oct.	40,176	.....	−0.3
TELEPHONE LINES IN SERVICE	thous.	October	476.3	.....	3.0

p = preliminary.
[2] From Hawaii County.
[3] Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

season numbers. Overnight and longer visitors topped the 5 million mark in November, up 14 percent from the same period last year. Steady growth was also reflected by increased hotel occupancy rates, up from the third quarter of 1985, with Kauai leading the state up 20 percent from last year.

The construction industry continued to ride the coattails of a strong overall Hawaiian economy and low credit costs. At the end of the third quarter, construction-put-in-place stood at $1.2 billion, up 43 percent from the third quarter of 1985. The value of private permits, though, were on a month to month decline and the single family construction cost index was up 4 percent from the second quarter. These factors may indicate slowed growth in residential construction in the coming months. On the other hand, public construction may be headed into a boom period. Public contracts awarded, through October, were valued at $393 million for the state. This was a 74 percent increase over the same period last year.

Conventional home mortgage rates, averaging 10 percent, continued to fuel the surging real estate market statewide. Steady growth in housing resales are still being experienced on all islands. Single-family unit resales were up 37 percent and condominiums were up 35 percent from the third quarter of 1985. The dramatic growth of Kauai's single-family housing resales, up 142 percent from the second quarter and 64 percent from last year, may be attributed to the tourism-led growth of Kauai's economy and the subsequent rise in housing demand.

The sugar industry will set a new record in production again this year. But this will be offset by deflated sugar prices due to intense foreign competition and ever increasing usage of sugar substitutes. Barring substantial U.S. quotas on sugar imports there is little relief in sight from foreign competition.

Diversified agriculture, in general, fared well through the third quarter of 1986. Employment in the agriculture industry along with overall production showed steady monthly increases over the year. Total anthurium outshipments stood at 1.33 million dozen through September, an increase of 18 percent from the previous year. Vegetable and melon production figures looked good as well, with a third quarter cumulative total of 54.3 million pounds. Papaya production rebounded somewhat from an early year storm, but still lagged slightly behind last year's figures.

HAWAII'S GROWING INFRASTRUCTURE NEEDS

Hawaii has experienced rapid population growth in the past 25 years. From 632,800 persons in 1960, the state's resident population increased to over 1 million persons in 1985. Growth of the visitor industry has also contributed to the increase in the population of the state. From less than 10,000 visitors per day in 1960, the average visitor census count has risen to 116,700 visitors per day in 1985. One out of eleven people in the state today is an out-of-state visitor. Much of this growth in population and tourism has occurred on Oahu. However, the Neighbor Islands have experienced even higher population and visitor growth over the years.

As a result, pressure has been mounting on existing sewage and refuse disposal systems, roadways, and water supply systems throughout the state.

The pressures of increasing demand have been particularly severe on sewage and refuse systems. On Oahu, most of the county's seventeen sewage treatment plants are nearing the end of their expected life span of 20 years. Expansion of existing plants or construction of new plants will soon be required. Aging and inadequate maintenance of the city's 1,700 miles of sewer lines are another problem facing the County.

Sewage-treatment problems are also apparent on the Neighbor Islands. On the Big Island, of the four main county-run sewage-treatment plants, except for the plant in Kulaimano, three plants are nearing the end of their lifespan. The County plans to expand the Heeia plant, build a new plant in Kona, and relocate the Hilo plant in the future. On Kauai, the sewage-treatment plants at Eleele and Waimea are relatively new. However, the rapid growth of Kapaa and Lihue will soon require increases in capacity at the Wailua and Lihue plants.

Maui's three county-run sewage-treatment plants are also in need of expansion and improvement. The growth of residents and visitors in the past 15 years has placed tremendous strains on the existing system.

Disposal of solid waste is another problem, particularly on Oahu where 80 percent of the state's population resides. Averaging 6 pounds of waste per capita per day, the existing county landfills at Kapaa, Waianae, and Kawailoa on Oahu are quickly filling up. The City & County of Honolulu is undertaking a search for new sites, including another landfill at Kapaa and a new landfill in Waimanalo gulch. In the long run, an alternative method of solid waste disposal will be required. One alternative, H-Power, in which combustible refuse is burned to

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE					
STATE	thous. $	Jan.-Sept.	1,377,144	.....	31.8
Oahu	thous. $	Jan.-Sept.	1,205,398	.....	32.1
Maui County	thous. $	Jan.-Sept.	70,464	.....	37.0
Hawaii	thous. $	Jan.-Sept.	73,280	.....	23.4
Kauai	thous. $	Jan.-Sept.	28,002	.....	32.0
HONOLULU CONSTRUCTION COST INDEXES					
SINGLE FAMILY	1967 = 100	October	381.1	1.7	4.8
HIGH-RISE	1967 = 100	October	393.5	0.3	3.0
PRIVATE PERMITS AUTHORIZED					
STATE: RESIDENTIAL	thous. $	Jan.-June	263,987	.....	n.a.
Single Family Units	number	Jan.-June	2,047	.....	n.a.
Multiple Family Units	number	Jan.-June	1,650	.....	n.a.
NONRESIDENTIAL	thous. $	Jan.-June	204,487	.....	n.a.
OAHU: RESIDENTIAL	thous. $	Jan.-Oct.	284,323	.....	12.1
Single Family Units	number	Jan.-Oct.	1,654	.....	−17.1
Multiple Family Units	number	Jan.-Oct.	1,993	.....	21.1
NONRESIDENTIAL	thous. $	Jan.-Oct.	167,934	.....	25.3
MAUI CO.: RESIDENTIAL	thous. $	Jan.-June	48,723	.....	n.a.
Single Family Units	number	Jan.-June	514	.....	n.a.
Multiple Family Units	number	Jan.-June	72	.....	n.a.
NONRESIDENTIAL	thous. $	Jan.-June	24,499	.....	n.a.
HAWAII: RESIDENTIAL	thous. $	Jan.-Oct.	59,483	.....	−19.7
Single Family Units	number	Jan.-Oct.	945	.....	12.0
Multiple Family Units	number	Jan.-Oct.	39	.....	−79.0
NONRESIDENTIAL	thous. $	Jan.-Oct.	156,429	.....	408.5
KAUAI: RESIDENTIAL	thous. $	Jan.-Oct.	34,854	.....	−15.5
Single Family Units	number	Jan.-Oct.	360	.....	−8.4
Multiple Family Units	number	Jan.-Oct.	2	.....	−96.1
NONRESIDENTIAL	thous. $	Jan.-Oct.	48,478	.....	255.1
PUBLIC CONTRACTS AWARDED					
TOTAL GOVERNMENT PROJECTS:					
STATE	thous. $	Jan.-Oct.	393,228	.....	73.9
Oahu	thous. $	Jan.-Oct.	292,472	.....	83.2
Maui County	thous. $	Jan.-Oct.	57,093	.....	53.1
Hawaii	thous. $	Jan.-Oct.	30,889	.....	99.2
Kauai	thous. $	Jan.-Oct.	12,775	.....	−6.0
BY LEVEL OF GOVERNMENT:					
Federal	thous. $	Jan.-Oct.	94,682	.....	29.5
State	thous. $	Jan.-Oct.	194,237	.....	146.0
County	thous. $	Jan.-Oct.	104,310	.....	40.9
REAL ESTATE RESALES					
STATE: Single Family	number	Jan.-Oct.	2,780	.....	21.7
Average Price	dollars	Jan.-Oct.	184,364	.....	8.9
Condominium	number	Jan.-Oct.	3,368	.....	22.7
Average Price	dollars	Jan.-Oct.	112,299	.....	8.2
OAHU: Single Family	number	Jan.-Oct.	1,900	.....	13.6
Average Price	dollars	Jan.-Oct.	207,675	.....	11.0
Condominium	number	Jan.-Oct.	2,595	.....	15.1
Average Price	dollars	Jan.-Oct.	107,154	.....	6.8
MAUI CO.: Single Family	number	Jan.-Oct.	327	.....	52.1
Average Price	dollars	Jan.-Oct.	177,924	.....	18.2
Condominium	number	Jan.-Oct.	538	.....	52.4
Average Price	dollars	Jan.-Oct.	144,723	.....	15.8
HAWAII: Single Family	number	Jan.-Oct.	434	.....	34.0
Average Price	dollars	Jan.-Oct.	99,410	.....	4.7
Condominium	number	Jan.-Oct.	103	.....	39.2
Average Price	dollars	Jan.-Oct.	90,690	.....	−5.4
KAUAI: Single Family	number	Jan.-Oct.	119	.....	65.3
Average Price	dollars	Jan.-Oct.	139,703	.....	−2.2
Condominium	number	Jan.-Oct.	132	.....	109.5
Average Price	dollars	Jan.-Oct.	98,140	.....	−16.5

n.a. = not available.

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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
POPULATION					
STATE:					
Total De Facto Population	thous.	July 1, 1985	1,152.0p	.....	1.1
Total Resident Population	thous.	July 1, 1985	1,053.9p	.....	1.6
OAHU:					
Total De Facto Population	thous.	July 1, 1985	865.1p	.....	1.0
Total Resident Population	thous.	July 1, 1985	814.6p	.....	1.5
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1985	115.5p	.....	0.5
Total Resident Population	thous.	July 1, 1985	85.3p	.....	2.1
HAWAII:					
Total De Facto Population	thous.	July 1, 1985	115.8p	.....	2.1
Total Resident Population	thous.	July 1, 1985	109.2p	.....	1.9
KAUAI:					
Total De Facto Population	thous.	July 1, 1985	55.6p	.....	1.8
Total Resident Population	thous.	July 1, 1985	44.8p	.....	1.4
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1985	997.5p	.....	1.8
MILITARY PERSONNEL:					
STATE	number	July 1, 1985	58,005p	.....	−4.6
Ashore	number	July 1, 1985	53,848p	.....	−4.4
Afloat	number	July 1, 1985	4,157p	.....	−7.3
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1985	64,281p	.....	−4.2
FOREIGN IMMIGRATION[1]	number	Jan.-Aug.	3,931	.....	3.4

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	15,313p	1.0	6.3
EMPLOYMENT INCOME[1]	mil. $	2nd Qtr.	11,598p	0.8	6.4
Manufacturing	mil. $	2nd Qtr.	503p	−4.9	0.4
Construction & Mining	mil. $	2nd Qtr.	730p	2.1	11.1
Wholesale	mil. $	2nd Qtr.	458p	0.7	5.3
Retail	mil. $	2nd Qtr.	1,307p	0.3	4.0
Finance, Ins., & Real Estate	mil. $	2nd Qtr.	851p	4.6	16.9
Trans., Comm., & Util.	mil. $	2nd Qtr.	949p	−0.5	5.4
Services	mil. $	2nd Qtr.	2,881p	2.2	8.2
Farm & Other	mil. $	2nd Qtr.	291p	−11.6	−8.2
Federal Civilian	mil. $	2nd Qtr.	975p	0.6	0.3
Federal Military	mil. $	2nd Qtr.	1,349p	0.1	4.1
State & Local	mil. $	2nd Qtr.	1,275p	1.4	8.7
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	2,277p	2.0	5.7
TRANSFER PAYMENTS (1,954) minus Personal Contributions for Social Insurance (758)	mil. $	2nd Qtr.	1,438p	1.6	5.8
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1985	14,558	.....	6.3
Oahu	dollars	1984	13,709	.....	5.7
Maui County	dollars	1984	11,611	.....	5.9
Hawaii	dollars	1984	9,998	.....	5.2
Kauai	dollars	1984	10,564	.....	6.9

**Total personal income and all components are seasonally adjusted at annual rates.
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

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generate electrical energy, is expected to be completed in 1988.

Refuse disposal is a problem on the Neighbor Islands as well. Hawaii County has two major landfills that are both being rapidly filled. The Kona landfill has only three years left before it is completely filled. As a short-term solution, another landfill at Puuanahulu has been proposed.

Of the six county-run landfill sites on Maui, four have already exceeded their fill-up dates. Two of the three landfill sites on Kauai are rapidly nearing their fill-up date. By 1991, Kauai will have only one landfill to handle the solid waste of the island's entire population.

So far, the counties have undertaken short-term measures including expansion of existing landfills and new landfill sites. However, the need for long-term solid-waste management plans is becoming critical as population growth continues.

Traffic congestion, highway expansion, and road maintenance have become growing issues in the state. From 230,800 cars, trucks, and buses in 1960, the number of motor vehicles in the state has increased to 717,200 in 1984, an annual growth rate of almost 5 percent. As a result, the resident-vehicle ratio has declined from 2.7 persons per vehicle in 1960 to 1.4 persons per vehicle in 1984.

On Oahu, where 70 percent of urban Honolulu commuters drive to work, traffic congestion is particularly acute. The worst traffic occurs in the Leeward/Central Oahu corridor where an average of 213,000 vehicles pass through daily. In the Windward corridor, the average daily traffic amounts to 97,000 vehicles, and in the Hawaii Kai corridor, an average of 74,000 vehicles pass through each day.

One solution to the traffic congestion problem on Oahu is mass transit. The Hali 2000 study by the Oahu Metropolitan Planning Organization (OMPO) considers two different light-rail systems, one heavy-rail system, and an all-bus approach that would double the present bus fleet to 800 buses. Other alternatives include more highways, including a tunnel under Pearl Harbor, and other unconventional measures such as electronic metering and billing for peak-hour driving.

The Big Island faces unique problems with roadway maintenance and improvement because of its large geographical size. Continued maintenance of existing roads has become a growing problem, especially for outlying areas with sparse populations. Moreover, the rapid growth of West Hawaii has the County government anticipating severe problems with the existing roadways

into and within Kailua-Kona.

Maui and Kauai both face traffic congestion problems due to the growing population and the rapid rise of tourism on those islands. The inadequacy of the narrow perimeter road system is demonstrated by the congestion between the towns on each island. Kauai county is experimenting with the addition of another lane to relieve traffic in Lihue. On Maui, traffic studies are currently underway to relieve congestion in the Kihei and Lahaina-Kaanapali areas.

The dry weather of recent years has emphasized the need for adequate water throughout the state. The drought earlier this year, for example, lowered sugar production levels, and resulted in layoffs of 170 sugar workers on Kauai. Full recovery from the drought is estimated to require two years. In addition, water restrictions imposed on small farmers growing flowers, fruits, and vegetables led to declining crop yields in 1986. Future yields will be affected since plantings were delayed or cut back this past year.

The insufficient supply of water has also led to a delay in housing developments throughout the state. On each island, a developer must obtain a water commitment from water-supply authorities before building permits are awarded. However, the imposition of a water moratorium stopped many developments. An alternative is to privately provide the water. However, at a cost of about $1 million per well, this alternative is expensive, and adds significantly to the already high cost of housing in the state.

The lack of infrastructure will pose serious obstacles to future developments for all counties. Clearly, existing waste disposal, transportation, and water-supply systems will require expansion and improvement to provide the services necessary for future growth in the state. Unfortunately, lack of funds for these projects is an obstacle all counties face. Implementation of the Gramm-Rudman Act will exacerbate the funding problem as federal funds for transportation, water, and sewage systems are curtailed.

To accommodate the continued development of Hawaii's economy, the counties and the state need to consider innovative methods to fund the continued maintenance and development of required infrastructure systems.

First, additional revenues need to be generated through county taxes. Presently, the county share of the liquid fuel tax and the motor vehicle tax is small compared to the amount allocated to the state's highway fund. More county rev-

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE:					
Civilian Labor Force	thous.	Sept.	484.5p	−2.6	3.3
Employment	thous.	Sept.	462.7p	−2.4	4.4
Unemployment	thous.	Sept.	21.8p	−6.4	−15.5
Unemployment Rate	percent	Sept.	4.5p	−4.3	−18.2
OAHU					
Civilian Labor Force	thous.	Sept.	363.7p	−2.6	2.3
Employment	thous.	Sept.	348.7p	−2.4	3.2
Unemployment	thous.	Sept.	15.0p	−6.8	−14.8
Unemployment Rate	percent	Sept.	4.1p	−4.7	−16.3
MAUI COUNTY					
Civilian Labor Force	thous.	Sept.	47.2p	−2.5	6.1
Employment	thous.	Sept.	44.9p	−2.6	7.9
Unemployment	thous.	Sept.	2.3p	4.5	−17.9
Unemployment Rate	percent	Sept.	4.9p	6.5	−22.2
HAWAII					
Civilian Labor Force	thous.	Sept.	51.2p	−2.5	8.0
Employment	thous.	Sept.	47.8p	−2.0	9.9
Unemployment	thous.	Sept.	3.4p	−8.1	−12.8
Unemployment Rate	percent	Sept.	6.7p	−4.3	−17.3
KAUAI					
Civilian Labor Force	thous.	Sept.	22.5p	−2.6	3.2
Employment	thous.	Sept.	21.3p	−2.3	4.9
Unemployment	thous.	Sept.	1.1p	−15.4	−31.3
Unemployment Rate	percent	Sept.	5.1p	−8.9	−27.1
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Oct.	482.0p	1.4	4.5
SUGAR (Mill and Field)	thous.	Oct.	7.2p	−1.4	−4.0
PINEAPPLE (Cannery and Field)	thous.	Oct.	3.5p	−4.1	0.0
DIVERSIFIED MANUFACTURING					
(Excluding Sugar and Pineapple)	thous.	Oct.	16.5p	0.0	2.8
Durable Goods	thous.	Oct.	3.5p	−1.4	9.5
Non-Durable Goods	thous.	Oct.	13.0p	0.4	1.2
Apparel and Textiles	thous.	Oct.	3.4p	1.5	8.1
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	Oct.	9.2p	6.4	7.6
CONTRACT CONSTRUCTION	thous.	Oct.	19.3p	1.0	3.8
TRANSPORTATION	thous.	Oct.	24.3p	−0.8	5.2
COMMUNICATION	thous.	Oct.	7.1p	0.0	−2.7
UTILITIES	thous.	Oct.	2.5p	0.0	2.0
RETAIL TRADE	thous.	Oct.	98.3p	0.0	4.7
WHOLESALE TRADE	thous.	Oct.	19.6p	−0.3	2.9
FINANCE, INSURANCE AND REAL ESTATE	thous.	Oct.	32.7p	0.2	1.7
HOTEL SERVICES—STATE	thous.	Oct.	27.8p	0.0	−2.1
Oahu	thous.	Oct.	16.0p	−0.6	0.6
Maui County	thous.	Oct.	6.3p	1.6	−1.6
Hawaii	thous.	Oct.	3.4p	0.0	−11.8
Kauai	thous.	Oct.	2.2p	0.0	−4.4
OTHER SERVICES	thous.	Oct.	85.5p	−0.1	4.3
FEDERAL GOVERNMENT	thous.	Oct.	32.1p	0.2	−1.7
Civilian Agencies	thous.	Oct.	11.9p	0.8	0.0
Defense Department	thous.	Oct.	20.2p	−0.2	−2.7
STATE GOVERNMENT	thous.	Oct.	48.4p	14.2	2.5
COUNTY GOVERNMENT	thous.	Oct.	12.9p	−4.8	1.2
NON-AGRICULTURE SELF-EMPLOYED	thous.	Oct.	34.7p	1.0	30.8
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	July	9,257	−10.2	−18.7
INTRASTATE INITIAL CLAIMS	number	Jan.-July	38,096	.....	−10.2
INTERSTATE INITIAL CLAIMS	number	Jan.-July	2,308	.....	5.3
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-July	35,252	.....	−14.5

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE:					
Recipients[1]	no./persons	July	53,567	−1.4	−8.1
Payments	thous. $	Jan.-July	54,208	.....	−5.5
MEDICAL ASSISTANCE:					
Recipients[1]	no./patients	August	55,303	11.7	17.3
Payments	thous. $	Jan.-Aug.	108,320	.....	−7.9
FOOD STAMPS:					
Recipients[1]	no./persons	June	90,923	−0.7	−6.5
Payments	thous. $	Jan.-June	44,608	.....	−4.0
SERVICES:					
Recipients[1]	no./cases	3rd Qtr.	7,944	−4.6	3.2
Payments	thous. $	2nd Qtr.	4,373	.....	19.4
		3rd Qtr.	4,742	8.4	

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	October	8,003.1	0.7	12.0
Debits To Demand Deposits	mil. $	Jan.-Oct.	88,819.5	.....	13.2
OAHU:					
Total Deposits	mil. $	October	6,650.6	0.5	11.8
Debits To Demand Deposits	mil. $	Jan.-Oct.	80,163.3	.....	12.4
MAUI COUNTY:					
Total Deposits	mil. $	October	520.6	4.3	14.6
Debits To Demand Deposits	mil. $	Jan.-Oct.	3,553.9	.....	16.4
HAWAII:					
Total Deposits	mil. $	October	569.5	0.7	14.8
Debits To Demand Deposits	mil. $	Jan.-Oct.	3,258.7	.....	12.7
KAUAI:					
Total Deposits	mil. $	October	262.4	0.3	5.9
Debits To Demand Deposits	mil. $	Jan.-Oct.	1,483.5	.....	24.9
BANK LOANS OUTSTANDING—STATE[1]	mil. $	3rd Qtr.	4,751.9	0.7	7.9
Real Estate	mil. $	3rd Qtr.	2,002.2	5.6	13.5
Consumer	mil. $	3rd Qtr.	1,067.3	2.2	8.7
Commercial & Industrial	mil. $	3rd Qtr.	1,339.8	−1.6	1.4
Other	mil. $	3rd Qtr.	274.3	−34.3	−18.5
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU SAVINGS & LOAN ASSOCIATIONS[2]	percent	September	10.1	0.0	−12.9
TOTAL DEPOSITS	mil. $	September	3,586.2	0.2	−0.2
TOTAL LOANS	mil. $	September	125.9	6.7	n.a.
MORTGAGE LOANS	mil. $	September	112.4	11.7	66.4
TAX COLLECTIONS[3]					
STATE	thous. $	Jan.-Sept.	1,248,909	.....	11.8
Oahu	thous. $	Jan.-Sept.	1,069,814	.....	10.4
Maui County	thous. $	Jan.-Sept.	76,423	.....	18.9
Hawaii	thous. $	Jan.-Sept.	69,348	.....	15.6
Kauai	thous. $	Jan.-Sept.	33,387	.....	35.4

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.

enues from these sources is one alternative. A proposal to raise the county's portion of the liquid fuel tax was discussed on the Big Island. But because of the recent controversy over safety-inspection fee increases, the proposal was temporarily shelved.

Another possibility is the privatization of all or portions of a system that could be more efficiently operated by private companies. For example, Hawaii County is contemplating the private takeover of the Heeia Wastewater Treatment Plant in Keauhou.

Counties should also strive for more effective planning and resource allocation. Flexible pricing schemes that more closely reflect the relative scarcity of a good or service—whether it be water, sewer service, or roadways—are one alternative. For example, use of flexible pricing to reduce water consumption and raise county revenues during periods of severe water shortages is an effective way of managing water demand. However, water rates have generally remained unchanged due to heavy state and federal subsidies. These subsidies have traditionally occupied a large part of the total costs of maintaining and operating water systems. However, given current trends in government support, these subsidies can be expected to decline. The portion paid by users will therefore increase.

Innovative use of debt financing is another alternative. Unlike state debt, which already constitutes 86 percent of the maximum debt ceiling allowed, the counties all have used less than 10 percent of their maximum debt limits. On Oahu and Maui, the county debt is only 5 percent of the maximum debt allowed. On Hawaii, only 9 percent, and on Kauai, only 8 percent of the debt limit has been used. Clearly, more extensive use of debt financing is viable.

In summary, the growing inadequacy of existing sewage and refuse-disposal systems, the need for continued expansion and maintenance of roads, and further development of adequate water-supply systems are challenges to be faced by state and county governments. Due to the growing shortage of federal support, especially following the passage of the Gramm-Rudman Act, innovative approaches to funding infrastructure development must be found. Increases to county tax revenues, pricing schemes for services rendered, and increased debt financing are alternatives worth considering. These problems need to be resolved in the near future to remove bottlenecks to increased economic development and job creation in the state.

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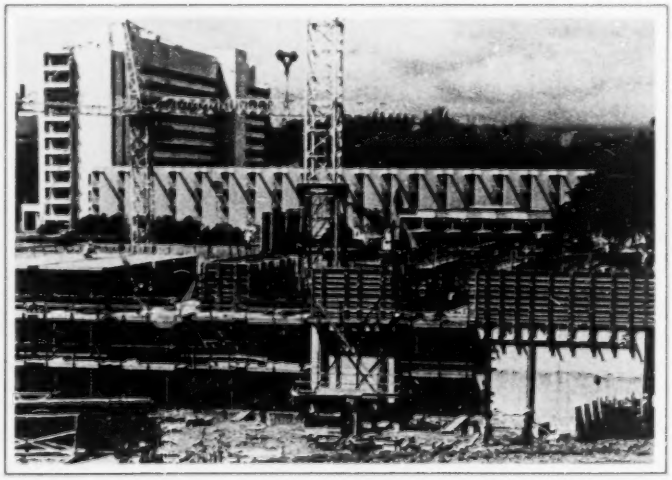

Renovation of the Westin Kauai *Star-Bulletin Photo*

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Research Department, First Hawaiian Bank | January/February 1987

Foreign Investment in Hawaii

Foreign investment has been one of the most important factors underlying the development of Hawaii's economy since statehood. Because of Hawaii's traditional shortage of investible capital, it was recognized from the earliest days of Hawaii's entrance into the Union that external monetary flows would be required to finance the development of the jobs and economic growth that would form the basis of Hawaii's new post-territorial economy. From the 1960s onward, foreign capital played a major role in the development of Hawaii's modern visitor industry. Because of the high transportation costs for visitors coming to Hawaii, economies of scale were a crucial factor in the development of the visitor industry. The development of the large-capacity Boeing 747, as well as large hotel facilities were therefore key elements in the development of Hawaiian tourism. That, in turn, necessitated the kind of large capital infusions that were only available from outside Hawaii.

As of 1986, total non-U.S. investment in Hawaii came to $2.5 billion. The major investing countries are Japan (71 percent), Hong Kong (9 percent), United Kingdom (7 percent), and Canada (6 percent). Investment has been predominantly in the visitor industry. For example, hotels, condominiums, golf courses, and retail establishments constitute $1.4 billion or 56 percent of total foreign investment. Real estate investments comprise an additional 34 percent of total investment.

The economic benefits of foreign investment to Hawaii have been significant. Foreign investment has created income, jobs, and tax revenues to the state and counties. Rough calculations of a foreign-investment multiplier for Hawaii show that, for every dollar of total foreign capital coming into Hawaii, aggregate economic activity, in terms of gross state product, increases by 89 cents. Thus, for example, if $100 million of foreign investment comes into Hawaii, it generates an additional $89 million in economic activity. According to the latest information available, Japanese companies in Hawaii are estimated to generate $910 million in revenues and employ over 14,000 people.

Clearly, foreign investment has succeeded in increasing employment and the overall standard of living for Hawaii's people. At the same time, that very success has created conditions that bear consideration. Annual income to out-of-state investors from investments in Hawaii comes to $1.5 billion, equivalent to the size of Hawaii's entire construction industry. Investments in new projects generate a net addition to employment, income, tax revenues and economic activity. However, these benefits do not accrue in the purchase of an existing asset, although proceeds from the sale of an asset could generate other activity in the state. Also, not all profits from foreign-owned enterprises are repatriated out-of-state; some are reinvested back in Hawaii. However, foreign interests have come to control nearly two-thirds of the major hotel properties, and half of all the hotel units in Waikiki—30 percent of all hotel units throughout the state. The concentration of investments in the visitor industry has also tended to increase Hawaii's overdependency on tourism.

Nevertheless, future prospects for investment in Hawaii point to continued growth. The safety of investing in American assets, the positive long-term outlook for growth in Hawaii's visitor industry, and Hawaii's world-famous natural environment, will cause foreign investment to continue to flow into Hawaii for the foreseeable future. The continuing strengthening of the yen against the dollar adds further assurance that the present patterns of foreign investment will most likely continue.

State government policies toward foreign investments have traditionally been very supportive. However, more attention could be given to developing more discriminating policies, such as encouraging more reinvestment of profits back into Hawaii, streamlining development procedures to expedite projects, supporting new investment as opposed to the purchase of existing assets, and developing programs to increase the benefits of foreign investment to Hawaii residents. There is a need to diversify the type of investments coming into Hawaii and their location. For example, investments in science, educational, manufacturing, and agricultural programs constitute less than 3 percent of total investment in Hawaii. The majority of Japanese investments are located on Oahu.

Corporate commitment to the needs of the Hawaiian people is another area of concern which could be addressed through greater involvement in community affairs, and the opening of more managerial opportunities for Hawaii residents, particularly in the visitor industry.

Foreign investment is a major factor in Hawaii's economic future. What that future will look like, therefore, will be heavily influenced by how our state government designs foreign-investment policies that will be consonant with Hawaii's desired economic goals. More than simply quantity of investment, attention will need to be paid to quality of investment, defined ultimately in terms of benefit to Hawaii's residents. It is only through this attention to quality that there can be an harmonious convergence of the interests of foreign investors and the economic needs of the people of Hawaii.

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JANUARY/FEBRUARY FEATURE STORY: HAWAII'S NEW HOTEL ROOM TAX

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CURRENT BUSINESS TRENDS

Overall, Hawaii's economy, as of November, maintained a consistent path of steady growth. Total gross business receipts through November increased to $24 billion, up 7.4 percent from the same period in 1985, largely due to high off-season visitor counts. Kauai, with its impressive record of tourism-led economic expansion, grew to a record $683 million through November, a 24-percent increase over 1985.

Hawaii's record 5.1 million visitors through November greatly contributed to the state's uninterrupted economic expansion in 1986. This 15-percent gain from November 1985 consisted of an average increase of 11 percent on Oahu, Maui, and Hawaii and a substantial 22-percent increase on Kauai.

The construction industry was also a strong contributor to Hawaii's economic strength. The November tally of construction put-in-place came to $1.7 billion, up an impressive 30 percent from 1985. Oahu led the state with construction put-in-place valued at $1.5 billion, but Maui contributed a record $89 million worth of construction, up 31 percent from 1985. Hawaii and Kauai also fared quite well from 1985 with increases of 19 and 23 percent, respectively.

Private permits authorized on Oahu were up 24 percent from November 1985. Hawaii and Kauai were up a remarkable 382 and 237 percent, respectively. These increases combined with stable low interest rates and steady construction costs should propel the construction industry into another strong year in 1987.

Real estate figures for November reflected the same rate of growth seen throughout the year. Single-family housing and condominium resales were up an average 22 percent through November from the same period in 1985. The average single-family house

u. s. economic indicators

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
GROSS NATIONAL PRODUCT**					
In Current Dollars	bil. $	3rd Qtr.	4,241 r	1.6	5.2
In 1982 Dollars	bil. $	3rd Qtr.	3,686 r	0.7	2.3
PERSONAL INCOME**	bil. $	November	3,531p	0.3	4.7
INTEREST RATES					
AVERAGE PRIME RATE	percent	December	7.50	0.0	−21.1
CONSTRUCTION					
CONSTRUCTION PUT IN PLACE**	bil. $	October	386.5p	1.6	3.3
CONSTRUCTION COST INDEXES:					
Residences	1967 = 100	September	377.3	0.7'	1.9
Apts., Hotels, Office Bldgs.	1967 = 100	September	374.5	0.6'	1.8
EMPLOYMENT					
CIVILIAN EMPLOYMENT*	thous.	November	110,371	0.1	2.2
UNEMPLOYMENT*	thous.	November	8,283	0.5	1.5
UNEMPLOYMENT RATE*	percent	November	6.9	0.0	0.0
PRICES					
CONSUMER PRICE INDEXES:					
Wage Earners and Clerical Workers	1967 = 100	December	325.7	0.1	0.7
All Urban Consumers	1967 = 100	December	331.1	0.1	1.1
PRODUCER PRICE INDEXES:					
Finished Goods*	1967 = 100	November	290.9	0.2	−1.9
All Commodities	1967 = 100	October	298.3	0.2	−3.1

r = revised.
p = preliminary.
'Compared to July, 1986.
*Seasonally adjusted.
**Seasonally adjusted at annual rates.

business activity in hawaii

BUSINESS SALES					
GROSS BUSINESS RECEIPTS:					
STATE	mil. $	Jan.-Nov.	23,994.2	.....	7.4
Oahu	mil. $	Jan.-Nov.	20,130.1	.....	7.0
Maui County	mil. $	Jan.-Nov.	1,675.0	.....	8.9
Hawaii	mil. $	Jan.-Nov.	1,506.6	.....	5.0
Kauai	mil. $	Jan.-Nov.	682.6	.....	24.0
DIVERSIFIED MANUFACTURING	mil. $	Jan.-Nov.	514.7	.....	6.2
DIVERSIFIED AGRICULTURE	mil. $	Jan.-Nov.	228.4	.....	−0.3
RETAILING	mil. $	Jan.-Nov.	8,688.9	.....	6.9
WHOLESALING	mil. $	Jan.-Nov.	5,810.4	.....	5.3
SERVICES	mil. $	Jan.-Nov.	5,772.6	.....	8.5
OAHU NEW CAR SALES	number	November	35,292p	.....	−7.3
HONOLULU PRICES					
HONOLULU CONSUMER PRICE INDEX:					
Wage Earners and Clerical Workers	1967 = 100	December	312.7	0.6'	2.3
All Urban Consumers	1967 = 100	December	305.4	0.5'	2.3
TOURISM					
VISITOR EXPENDITURES	mil. $	1985	4,884p	.....	6.6
OVERNIGHT OR LONGER VISITORS	number	November	430,440p	3.6	14.4
	thous.	Jan.-Nov.	5,094p	.....	14.8
Westbound	number	November	328,750p	5.4	13.4
	thous.	Jan.-Nov.	3,889p	.....	15.1
Eastbound	number	November	101,690p	−2.0	17.7
	thous.	Jan.-Nov.	1,205p	.....	13.5
AVERAGE DAILY VISITOR CENSUS	number	Jan.-Nov.	116,620p	.....	14.1
AVERAGE LENGTH OF STAY	no. of days	Jan.-Nov.	10.0p	.....	−1.0
MEETING ATTENDANCE	number	Jan.-Nov.	224,842	.....	−7.0
ORGANIZED GROUP TOURS	number	Jan.-Nov.	788,250p	.....	0.9
VISITOR COUNT BY COUNTY*:					
Oahu	number	November	238,110p	3.2	8.2
	thous.	Jan.-Nov.	2,880p	.....	11.3
Maui County	number	November	158,780p	3.1	14.4
	thous.	Jan.-Nov.	1,845p	.....	9.6
Hawaii	number	November	57,950p	−9.6	7.4
	thous.	Jan.-Nov.	710p	.....	11.3
Kauai	number	November	76,950p	−8.9	18.8
	thous.	Jan.-Nov.	933p	.....	21.6

p = preliminary. 'Compared to September, 1986.
*Estimated Westbound.

business activity in hawaii [cont.]

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
VISITOR ACCOMMODATIONS					
STATE	number	Feb., 1986	66,308	.....	0.6
Oahu	number	Feb., 1986	39,010	.....	1.1
Waikiki	number	Feb., 1986	34,650	.....	2.3
Maui (Island)	number	Feb., 1986	13,451	.....	−0.5
Molokai	number	Feb., 1986	635	.....	1.3
Lanai	number	Feb., 1986	10	.....	0.0
Hawaii	number	Feb., 1986	7,280	.....	−3.1
Kauai	number	Feb., 1986	5,922	.....	4.7
HOTEL OCCUPANCY					
STATE	percent	November	81.1	4.8	6.9
		Jan.-Nov.	82.3	.....	7.0
Oahu	percent	November	84.2	7.8	3.4
		Jan.-Nov.	85.7	.....	4.4
Maui (Island)	percent	November	81.8	1.9	4.5
		Jan.-Nov.	82.9	.....	4.1
Hawaii	percent	November	64.4	−1.8	9.0
		Jan.-Nov.	63.9	.....	9.8
Kauai	percent	November	76.4	−3.5	23.8
		Jan.-Nov.	79.3	.....	20.0
DEFENSE EXPENDITURES					
APPROPRIATED FUNDS TOTAL	mil. $	Yr. to 3rd Qtr.	1,410.5	.....	−8.8
Military Payroll	mil. $	Yr. to 3rd Qtr.	625.0	.....	−3.5
Civilian Payroll	mil. $	Yr. to 3rd Qtr.	455.2	.....	0.0
Local Purchases	mil. $	Yr. to 3rd Qtr.	330.3	.....	−25.7
SUGAR					
VALUE OF CROP SALES (Unprocessed Cane)	mil. $	1985	222.4	.....	−13.2
SUGAR PRODUCTION	thous. tons	Jan.-Nov.	1,001.3	.....	2.9
AVERAGE N. Y. RAW SUGAR PRICE	$/ton	Jan.-Nov.	416.7p	.....	1.8
PINEAPPLE					
VALUE OF CROP SALES (Fresh Equivalent)	thous. $	1985	90.5	.....	0.7
SHIPMENTS: FRESH	thous. lbs.	Jan.-Oct.	204.7	.....	−3.6
DIVERSIFIED AGRICULTURE					
CROPS	thous. $	1985	132,126	.....	12.6
FLOWERS & NURSERY PRODUCTS	thous. $	1985	44,247	.....	13.7
Anthurium Outshipments[1]	th. dozens	Jan.-Oct.	1,523.5	.....	17.2
Potted Foliage Plants	thous. $	1985	12,019	.....	19.6
FRUITS & NUTS	thous. $	1985	43,244	.....	9.7
Papaya Sales	th. lbs.	Jan.-Nov.	44,955	.....	−2.0
Average Farm Price	cents/lb.	November	15.0	−16.7	−6.3
Macadamia Nut Sales (in shell)	th. lbs.	1985	42,000	.....	11.4
Average Farm Price	cents/lb.	1985	72.5	.....	4.8
VEGETABLES AND MELONS[2]	th. lbs.	Jan.-Nov.	62,408p	.....	1.5
LIVESTOCK	thous. $	1985	82,821	.....	−4.8
BEEF PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Oct.	27,439	.....	−1.1
Average Farm Price (Feedlot Beef)	cents/lb.	October	83.5	0.6	11.3
HOG PRODUCTION (Dressed Wt.)	th. lbs.	Jan.-Nov.	5,782	.....	3.3
Average Farm Price	cents/lb.	November	103.5	−0.5	−0.5
MILK PRODUCTION	mil. lbs.	Jan.-Nov.	142.4	.....	9.9
Average Price Sold to Plants	$/100 lbs.	November	20.67	0.1	−0.6
EGG PRODUCTION	mil.	Jan.-Nov.	208	.....	3.0
Average Farm Price	cents/doz.	November	79.0	0.6	26.4
PUBLIC UTILITIES					
ELECTRICITY GENERATED	mil. kwh.	Jan.-Nov.	6,843.0	.....	6.0
GAS SALES	th. therms.	Jan.-Nov.	44,136	.....	−0.3
TELEPHONE LINES IN SERVICE	thous.	November	478.0	.....	3.0

p = preliminary.
[1]From Hawaii County.
[2]Includes snap beans, cabbage, celery, sweet corn, cucumbers, onions, green peppers, tomatoes, and watermelons.

sold for $184,496 in November, and the average condominium sold for $116,546. Kauai led the state with an average increase in single-family housing resales through November of 72 percent, while Maui led the state in condominium resales, up 16 percent from the same period in 1985.

In agriculture, sugar production through November advanced to the 1-million ton mark, up 3 percent from November 1985. But, unfortunately, sugar supplies are still exceeding demand. This was reflected in depressed prices, which showed little or no gains through November. Hawaii's sugar industry does have a brighter outlook for 1987, however. The passage of the sugar-import-quota bill by Congress should stimulate price increases for 1987.

Elsewhere in agriculture, papaya shipments have been showing a 4-percent decline in November from the previous year, and a 2-percent decline from October, the previous month. Other areas of diversified agriculture, such as anthurium outshipments, vegetable and melon production, livestock, and dairy products have held steadfast through November 1986 with little or no growth since November 1985.

Employment figures remained promising through November. The state unemployment rate fell to 4.5 percent in November 1986, while the state labor force grew from 479,600 to 492,000 during that same period. An additional 20,000 new jobs, since November 1985, boosted the total job count for the state by 4 percent to 481,950. Growth in retail trade jobs led all other industries, up 4.5 percent from 1985. The number of people self-employed in the state was up nearly 30 percent from November 1985.

Tax collections for the state and counties were, as to be expected given a strong economy, on the increase. Cumulative tax collections for the state stood at $1.5 billion in November, up 11 percent from the November cumulative average of 1985. Kauai led the state with tax revenues of $40 million, up 32 percent from 1985.

Continued economic expansion was also evident in banking statistics. Monthly bank deposits, through November, averaged 15 percent above the same period last year. Debits to demand deposits, which measure checking account activity, increased by 14 percent over 1985. Kauai experienced an unusually high 25-percent rate of growth in checking account activity. The high level of transactions should provide a strong catalyst to future economic expansion.

HAWAII'S NEW HOTEL ROOM TAX

On January 1, 1987 Hawaii's new hotel room tax went into effect. First introduced in the Senate 20 years ago, it was on and off the legislative agenda until June 1986 when it finally passed. The reality of pending federal funding cutbacks helped to decide the matter once and for all. New tax revenues were needed to replace lost federal funds. The choice was between a hotel room tax or raising the general excise tax by two percent; politically, it was more feasible to pass the hotel tax than to increase the excise tax. Proponents for the new tax argued it would be a way to shift some of the tax burden from residents to out-of-state visitors, and obtain revenue from foreign investments in the hotel industry. Opponents stressed the negative impact this tax would have on the tourist industry and the business reputation of the state in general.

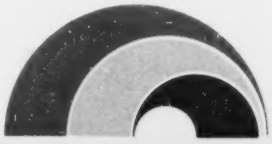
"Hotel room tax" is a bit of a misnomer. The official name of the new tax is the Transient Accommodations Tax. While most of the revenue will accrue from the more than 66,000 hotel rooms in the state, all temporary lodging is subject to the tax. A lodging is temporary if it is let for less than 180 consecutive days a year, and is customarily used as a rental unit. This encompasses units outside resort areas such as apartment hotels, motels, horizontal property regimes, condominiums, cooperative apartments, or rooming houses. Even transient accommodations aboard cruise ships sailing between the islands are subject to the tax. There are several exceptions to this rule. Health-care facilities, such as hospitals, are exempt from the tax. School dormitories related to an educational institution do not have to pay the tax. Lodging provided by nonprofit organizations is not covered by the tax. Neither are low-income housing units if they are leased for periods not exceeding 60 days to people receiving rental subsistence aid from the state or federal government. Military housing for permanently stationed incoming personnel is not liable for the tax. All other facilities used to house people on a temporary basis are covered.

Once a dwelling has been classified as a transient accommodation, the operator must register the unit with the Department of Taxation. (The "operator" is defined as any person operating a transient accommodation whether as owner, proprietor, lessee, sublessee, mortgagee in possession, licensee, or otherwise, engaging or continuing in any service business which involves the

business activity in hawaii [cont.]

Series		Unit	Period	Number	Percent Change preceding period	Percent Change year ago
CONSTRUCTION PUT IN PLACE						
STATE		mil. $	Jan.-Nov.	1,664.9	.....	29.4
Oahu		mil. $	Jan.-Nov.	1,459.3	.....	30.1
Maui County		thous. $	Jan.-Nov.	88,660	.....	31.1
Hawaii		thous. $	Jan.-Nov.	88,510	.....	19.2
Kauai		thous. $	Jan.-Nov.	32,499	.....	23.4
HONOLULU CONSTRUCTION COST INDEXES						
SINGLE FAMILY		1967 = 100	December	372.1	−0.6	2.5
HIGH-RISE		1967 = 100	December	384.2	−0.2	0.8
PRIVATE PERMITS AUTHORIZED						
STATE:	RESIDENTIAL	thous. $	Jan.-July	322,250	.....	−11.5
	Single Family Units	number	Jan.-July	2,562	.....	4.7
	Multiple Family Units	number	Jan.-July	1,808	.....	−5.3
	NONRESIDENTIAL	thous. $	Jan.-July	345,123	.....	135.6
OAHU:	RESIDENTIAL	thous. $	Jan.-Nov.	307,372	.....	12.0
	Single Family Units	number	Jan.-Nov.	1,845	.....	−17.8
	Multiple Family Units	number	Jan.-Nov.	2,029	.....	23.0
	NONRESIDENTIAL	thous. $	Jan.-Nov.	181,250	.....	24.3
MAUI CO.:	RESIDENTIAL	thous. $	Jan.-July	59,817	.....	−45.0
	Single Family Units	number	Jan.-July	551	.....	20.3
	Multiple Family Units	number	Jan.-July	150	.....	−63.5
	NONRESIDENTIAL	thous. $	Jan.-July	23,076	.....	59.8
HAWAII:	RESIDENTIAL	thous. $	Jan.-Nov.	63,673	.....	−18.9
	Single Family Units	number	Jan.-Nov.	1,028	.....	12.2
	Multiple Family Units	number	Jan.-Nov.	39	.....	−79.5
	NONRESIDENTIAL	thous. $	Jan.-Nov.	161,306	.....	382.3
KAUAI:	RESIDENTIAL	thous. $	Jan.-Nov.	37,548	.....	−16.7
	Single Family Units	number	Jan.-Nov.	384	.....	−10.7
	Multiple Family Units	number	Jan.-Nov.	2	.....	−96.1
	NONRESIDENTIAL	thous. $	Jan.-Nov.	50,068	.....	236.9
PUBLIC CONTRACTS AWARDED						
TOTAL GOVERNMENT PROJECTS:						
STATE		thous. $	Jan.-Nov.	411,308	.....	73.0
Oahu		thous. $	Jan.-Nov.	305,685	.....	80.3
Maui County		thous. $	Jan.-Nov.	58,329	.....	56.1
Hawaii		thous. $	Jan.-Nov.	34,297	.....	102.9
Kauai		thous. $	Jan.-Nov.	12,981	.....	−6.7
BY LEVEL OF GOVERNMENT:						
Federal		thous. $	Jan.-Nov.	102,066	.....	39.6
State		thous. $	Jan.-Nov.	201,293	.....	127.1
County		thous. $	Jan.-Nov.	107,950	.....	42.1
REAL ESTATE RESALES						
STATE:	Single Family	number	Jan.-Nov.	3,094	.....	22.4
	Average Price	dollars	Jan.-Nov.	184,377	.....	8.7
	Condominium	number	Jan.-Nov.	3,722	.....	23.2
	Average Price	dollars	Jan.-Nov.	112,707	.....	9.2
OAHU:	Single Family	number	Jan.-Nov.	2,117	.....	20.6
	Average Price	dollars	Jan.-Nov.	208,346	.....	10.9
	Condominium	number	Jan.-Nov.	2,876	.....	15.8
	Average Price	dollars	Jan.-Nov.	107,497	.....	7.7
MAUI CO.:	Single Family	number	Jan.-Nov.	355	.....	50.4
	Average Price	dollars	Jan.-Nov.	175,378	.....	16.9
	Condominium	number	Jan.-Nov.	590	.....	53.6
	Average Price	dollars	Jan.-Nov.	143,434	.....	16.4
HAWAII:	Single Family	number	Jan.-Nov.	488	.....	35.8
	Average Price	dollars	Jan.-Nov.	99,296	.....	8.9
	Condominium	number	Jan.-Nov.	114	.....	39.0
	Average Price	dollars	Jan.-Nov.	101,970	.....	2.2
KAUAI:	Single Family	number	Jan.-Nov.	134	.....	71.8
	Average Price	dollars	Jan.-Nov.	139,393	.....	−3.0
	Condominium	number	Jan.-Nov.	142	.....	102.9
	Average Price	dollars	Jan.-Nov.	99,196	.....	−16.4

n.a. = not available.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population in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
STATE					
Total De Facto Population	thous.	July 1, 1986	1,176.7p	.....	2.1
Total Resident Population	thous.	July 1, 1986	1,062.3p	.....	0.8
OAHU:					
Total De Facto Population	thous.	July 1, 1985	865.1p	.....	1.0
Total Resident Population	thous.	July 1, 1985	814.6p	.....	1.5
MAUI COUNTY:					
Total De Facto Population	thous.	July 1, 1985	115.5p	.....	0.5
Total Resident Population	thous.	July 1, 1985	85.3p	.....	2.1
HAWAII:					
Total De Facto Population	thous.	July 1, 1985	115.8p	.....	2.1
Total Resident Population	thous.	July 1, 1985	109.2p	.....	1.9
KAUAI:					
Total De Facto Population	thous.	July 1, 1985	55.6p	.....	1.8
Total Resident Population	thous.	July 1, 1985	44.8p	.....	1.4
CIVILIAN RESIDENT POPULATION:					
STATE	thous.	July 1, 1986	1,004.2p	.....	0.7
MILITARY PERSONNEL:					
STATE	number	July 1, 1985	58,005p	.....	−4.6
Ashore	number	July 1, 1985	53,848p	.....	−4.4
Afloat	number	July 1, 1985	4,157p	.....	−7.3
CIVILIAN MILITARY DEPENDENTS	number	July 1, 1985	64,281p	.....	−4.2
FOREIGN IMMIGRATION[1]	number	Jan.-Dec.	5,557	.....	−0.2

p = preliminary.
[1]Includes only those entering Honolulu ports and does not include status changes.

income in hawaii

INCOME					
TOTAL PERSONAL INCOME**	mil. $	2nd Qtr.	15,313p	1.0	6.3
EMPLOYMENT INCOME[1]	mil. $	2nd Qtr.	11,598p	0.8	6.4
Manufacturing	mil. $	2nd Qtr.	503p	−4.9	0.4
Construction & Mining	mil. $	2nd Qtr.	730p	2.1	11.1
Wholesale	mil. $	2nd Qtr.	458p	0.7	5.3
Retail	mil. $	2nd Qtr.	1,307p	0.3	4.0
Finance, Ins., & Real Estate	mil. $	2nd Qtr.	851p	4.8	16.9
Trans., Comm., & Util.	mil. $	2nd Qtr.	949p	−0.5	5.4
Services	mil. $	2nd Qtr.	2,881p	2.2	8.2
Farm & Other	mil. $	2nd Qtr.	291p	−11.6	−8.2
Federal Civilian	mil. $	2nd Qtr.	975p	0.6	0.3
Federal Military	mil. $	2nd Qtr.	1,349p	0.1	4.1
State & Local	mil. $	2nd Qtr.	1,275p	1.4	8.7
PROPERTY INCOME (Dividends, Interest, & Rent)	mil. $	2nd Qtr.	2,277p	2.0	5.7
TRANSFER PAYMENTS (1,954) minus Personal Contributions for Social Insurance (758)	mil. $	2nd Qtr.	1,438p	1.6	5.8
PER CAPITA PERSONAL INCOME:					
STATE	dollars	1985	14,558	.....	6.3
Oahu	dollars	1984	13,709	.....	5.7
Maui County	dollars	1984	11,611	.....	5.9
Hawaii	dollars	1984	9,998	.....	5.2
Kauai	dollars	1984	10,564	.....	6.9

**Total personal income and all components are seasonally adjusted at annual rates.
[1]Includes wage and salary disbursements, proprietors' income, and other labor income.
p = preliminary.

AWAIIAN BANK

actual furnishing of transient accommodation). That requires the filing of Form TA-3 the Operator's Registration for Transient Accommodations Tax Form, along with a $1 fee, in the district where the unit is located. If an operator owns units in different tax districts, Form TA-3 must be filed, and the fee paid, in each district where accommodations are located. In the event more than one unit is owned, an additional form, Form TA-9 Transient Accommodations Branch Registration Maintenance Form, must be completed for each unit. Transient accommodations tax certificates are renewed annually on or before January 31 by filing Form TA-5.

Once all the necessary forms have been submitted, the operator will receive a packet containing tax-return forms with a preprinted identification number, together with an Operator's Certificate of Registration and, in case of branch operations, Branch Certificates. The Operator's Certificate of Registration and Branch Certificates must be conspicuously displayed at the place for which they are issued. All certified domiciles will be assessed a 5-percent tax on gross income received from the rental activity regardless of the method of accounting, whether based on cash or accrual. This is in addition to the 4-percent general-excise tax. To avoid levying an excessive burden on these owners, the gross income the hotel tax is based on will not include the general-excise tax passed on to consumers and collected by owners. Likewise, the gross income on which the general-excise tax is computed will not include the amount of the hotel tax passed on to, and collected from, consumers. In this way the impact of the tax will be minimized.

The transient accommodations tax return filing period is similar to that for the general-excise tax return. These returns along with payments must be filed with the district tax office where the unit is located. The Department of Taxation estimates 25,000 returns will be filed every month by hotels statewide. In the first six months this new tax is expected to generate $27 million in revenue. For the first fiscal year it should bring $55 million to $60 million into the state's General Funds account.

Allotting the revenue to the General Funds account was a controversial part of the new tax law. The tourist industry wanted a portion of the revenue generated by the new tax earmarked for use by the industry. It would have been used for support of a convention center and promotional activities by the Hawaii Visitors Bureau. The 1986 legislature balked at this suggestion for accounta-

bility reasons. The legislature wanted to maintain control over the use of the funds. That way, programs competing for the funds would have to show how the money would be used. The new tax income could then be spread out over the entire economy to those activities warranting it the most, rather than being concentrated in one sector. Earmarking the tax revenue would have eliminated this ability to allocate funds to the more needy programs. It was a hotly debated part of the new tax law for some time. In the end a compromise was struck. An extra $2 million was given to the Hawaii Visitors Bureau and $12 million to the counties as a trade-off for putting all the transient accommodations tax revenue into the General Funds account. More recent indications are that the issue of earmarking will be reexamined in the 1987 legislature.

The new transient accommodations tax will not only bring in new revenue to the state, but introduce new costs as well. $779,000 has been allocated for the administration of the new tax in the 1987 fiscal budget. $400,000 of that amount was restricted, leaving $379,000 for immediate use. This money is for special assignments, printing new tax forms, administration, new equipment, room rentals for public hearings, and advertising. The remaining allotment may be released by the governor if it is deemed necessary.

Time will also have to be spent to clarify several "grey areas" within the new law, the most sensitive being student housing. The new law was not intended to burden students. Dormitories related to an educational institution were exempted. Dormitories operating for profit that are not related to an educational institution, however, are subject to the tax. Students in this situation will have to bear some of the burden. Students sharing an apartment with nonstudents also present a difficulty. While the law says the tax will be "based upon [the nonstudent's] prorata share of the rent," no uniform method of calculating that share has been determined.

Another grey area concerns airline flight crew accommodations. If the hotel rooms are continuously occupied for more than 180 days, the gross income derived by the hotel is not subject to the tax. On the other hand, if the room is occupied intermittently and payment for the room is made only for the time it is used rather than for the whole term of the contract, the income is taxable. However, it is ambiguous whether or not the payments are subject to the transient accommodations tax when the

employment and jobs in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
EMPLOYMENT					
STATE					
Civilian Labor Force	thous.	Nov.	492.0p	1.0	2.6
Employment	thous.	Nov.	470.1p	0.8	3.9
Unemployment	thous.	Nov.	21.9p	3.8	−18.9
Unemployment Rate	percent	Nov.	4.5p	4.7	−19.6
OAHU					
Civilian Labor Force	thous.	Nov.	370.6p	1.1	1.7
Employment	thous.	Nov.	355.2p	0.9	2.7
Unemployment	thous.	Nov.	15.3p	5.5	−17.7
Unemployment Rate	percent	Nov.	4.1p	5.1	−19.6
MAUI COUNTY					
Civilian Labor Force	thous.	Nov.	48.0p	1.3	14.3
Employment	thous.	Nov.	45.8p	1.8	9.0
Unemployment	thous.	Nov.	2.2p	−8.3	−21.4
Unemployment Rate	percent	Nov.	4.6p	−9.8	−25.8
HAWAII					
Civilian Labor Force	thous.	Nov.	51.0p	0.4	5.8
Employment	thous.	Nov.	47.7p	0.0	8.4
Unemployment	thous.	Nov.	3.3p	6.5	−21.4
Unemployment Rate	percent	Nov.	6.5p	6.6	−25.3
KAUAI					
Civilian Labor Force	thous.	Nov.	22.4p	−0.4	0.9
Employment	thous.	Nov.	21.4p	−0.5	3.4
Unemployment	thous.	Nov.	1.1p	0.0	−26.7
Unemployment Rate	percent	Nov.	4.8p	0.0	−27.3
JOB COUNT BY INDUSTRY					
TOTAL JOBS—STATE	thous.	Oct.	482.9p	1.6	4.7
SUGAR (Mill and Field)	thous.	Oct.	7.2p	−1.4	−4.0
PINEAPPLE (Cannery and Field)	thous.	Oct.	3.5p	−5.4	0.0
DIVERSIFIED MANUFACTURING (Excluding Sugar and Pineapple)	thous.	Oct.	16.5p	0.0	3.1
Durable Goods	thous.	Oct.	3.5p	1.4	11.1
Non-Durable Goods	thous.	Oct.	13.0p	0.0	0.8
Apparel and Textiles	thous.	Oct.	3.4p	3.0	9.7
DIVERSIFIED AGRICULTURE (Excluding Sugar And Pineapple, but including Agricultural Self-Employed)	thous.	Oct.	9.2p	7.0	8.2
CONTRACT CONSTRUCTION	thous.	Oct.	19.3p	1.0	3.8
TRANSPORTATION	thous.	Oct.	24.3p	−0.8	5.2
COMMUNICATION	thous.	Oct.	7.1p	0.0	−2.7
UTILITIES	thous.	Oct.	2.5p	0.0	2.0
RETAIL TRADE	thous.	Oct.	98.3p	0.0	4.7
WHOLESALE TRADE	thous.	Oct.	19.6p	0.0	3.2
FINANCE, INSURANCE AND REAL ESTATE	thous.	Oct.	32.7p	0.0	1.6
HOTEL SERVICES—STATE	thous.	Oct.	27.8p	0.0	−2.1
Oahu	thous.	Oct.	16.0p	−0.6	0.6
Maui County	thous.	Oct.	6.3p	1.6	−1.6
Hawaii	thous.	Oct.	3.4p	0.0	−10.5
Kauai	thous.	Oct.	2.2p	0.0	−4.3
OTHER SERVICES	thous.	Oct.	85.5p	−0.1	4.3
FEDERAL GOVERNMENT	thous.	Oct.	32.1p	0.3	−1.5
Civilian Agencies	thous.	Oct.	11.9p	0.8	0.0
Defense Department	thous.	Oct.	20.2p	0.0	−2.4
STATE GOVERNMENT	thous.	Oct.	48.4p	14.2	2.5
COUNTY GOVERNMENT	thous.	Oct.	12.9p	−4.4	1.6
NON-AGRICULTURE SELF-EMPLOYED	thous.	Oct.	34.7p	1.2	30.9
UNEMPLOYMENT INSURANCE					
INSURED UNEMPLOYMENT (Weekly Average)	number	Nov.	7,357	−4.2	−12.8
INTRASTATE INITIAL CLAIMS	number	Jan.-Nov.	51,609	.....	−10.9
INTERSTATE INITIAL CLAIMS	number	Jan.-Nov.	3,360	.....	2.4
UNEMPLOYMENT INSURANCE BENEFITS	thous. $	Jan.-Nov.	48,282	.....	−13.1

p = preliminary.

public assistance in hawaii

Series	Unit	Period	Number	Percent Change preceding period	Percent Change year ago
PUBLIC ASSISTANCE					
INCOME MAINTENANCE					
Recipients[1]	no./persons	Nov.	51,873	−0.2	−9.4
Payments	thous. $	Jan.-Nov.	83,714	.....	−6.4
MEDICAL ASSISTANCE					
Recipients[1]	no./patients	October	52,748	8.7	16.4
Payments	thous. $	Jan.-Oct.	136,924	.....	−2.7
FOOD STAMPS					
Recipients[1]	no./persons	October	87,881	−1.5	−7.0
Payments	thous. $	Jan.-Oct.	73,779	.....	−3.9
SERVICES					
Recipients[1]	no./cases	3rd Qtr.	7,944	−4.6	3.2
Payments	thous. $	3rd Qtr.	4,742	.....	19.4

[1]Count of recipients is duplicated. A person may be counted in each category.

banking and finance in hawaii

FINANCE					
COMMERCIAL BANK DEPOSITS:					
STATE:					
Total Deposits	mil. $	October	8,003.1	0.7	12.0
Debits To Demand Deposits	mil. $	Jan.-Oct.	88,819.5	.....	13.2
OAHU:					
Total Deposits	mil. $	October	6,650.6	0.5	11.8
Debits To Demand Deposits	mil. $	Jan.-Oct.	80,163.3	.....	12.4
MAUI COUNTY:					
Total Deposits	mil. $	October	520.6	4.3	14.6
Debits To Demand Deposits	mil. $	Jan.-Oct.	3,553.9	.....	16.4
HAWAII:					
Total Deposits	mil. $	October	569.5	0.7	14.7
Debits To Demand Deposits	mil. $	Jan.-Oct.	3,258.7	.....	12.7
KAUAI:					
Total Deposits	mil. $	October	262.4	0.3	5.9
Debits To Demand Deposits	mil. $	Jan.-Oct.	1,483.5	.....	24.9
BANK LOANS OUTSTANDING—STATE[1]	mil. $	3rd Qtr.	4,751.9	0.7	7.9
Real Estate	mil. $	3rd Qtr.	2,002.2	5.6	13.5
Consumer	mil. $	3rd Qtr.	1,067.3	2.2	8.7
Commercial & Industrial	mil. $	3rd Qtr.	1,339.8	−1.6	1.4
Other	mil. $	3rd Qtr.	274.3	−34.3	−18.5
CONVENTIONAL HOME MORTGAGE RATES: HONOLULU SAVINGS & LOAN ASSOCIATIONS[2]	percent	November	10.0	0.0	−13.8
TOTAL DEPOSITS	mil. $	November	3,541.2	1.1	−1.5
TOTAL LOANS	mil. $	November	110.6	−20.0	67.0
MORTGAGE LOANS	mil. $	November	98.7	−18.7	86.8
TAX COLLECTIONS[3]					
STATE	mil. $	Jan.-Nov.	1,508	.....	11.1
Oahu	mil. $	Jan.-Nov.	1,294	.....	10.0
Maui County	thous. $	Jan.-Nov.	91,195	.....	17.8
Hawaii	thous. $	Jan.-Nov.	83,200	.....	14.4
Kauai	thous. $	Jan.-Nov.	39,692	.....	31.6

[1]Figures contain domestic balances only.
[2]Includes Hawaii and Guam. Reporting categories changed in July, 1985.
[3]Taxes collected by the State Department of Taxation. Excludes property taxes which were formerly collected by the State but are now collected by the Counties.
n.a. = not available.

room is paid for throughout the term of the contract, but only used occasionally. In addition, there is uncertainty about units subject to rents that fluctuate with the tourist season, but are usually rented out for more than 180 days.

New costs will also be imposed on the various operators of transient accommodations. Out-of-pocket expenses will not only include their share of the tax burden, but the added expense of computing and collecting such taxes. Also, the time spent getting acquainted with the new law to avoid penalties and overcharges will be costly.

Finally, visitors to the islands will be affected by the new tax through changes in the prices of rooms. Most operators will pass on a large portion of the tax to their guests through raised rates. If the general-excise tax is any indicator, operators will pass about 96 percent of the tax onto consumers while shouldering about 4 percent themselves. This new tax will put upward pressure on the price of all temporary lodgings.

The overall effect on tourism is not so clear. Some reduction in the number of hotel reservations might be expected due to the rise in prices. No formal study on the impact of this tax on tourism has been published, but the consensus is that the effect on occupancy levels will be marginal in the short run. Other cost factors may be more influential than the tax. For example, room rate increases themselves will have a larger effect on reservation rates than the addition of another line item on the hotel bill. Some package deals may even conceal the new tax by not stating it explicitly in the cost of the tour.

The long run effects will most likely be marginal. The rise in price is small compared to the total cost of a vacation in Hawaii, and it should do little to change people's vacation plans. At a time when Hawaii's tourist industry faces increased competition, competitive destinations may exploit the new Hawaii tax in their advertisements. But, with Hawaii's rate of 5 percent being neither high nor low, as far as hotel room taxes go, even this exposure of the new tax is not expected to affect tourists' decisions greatly.

To be sure, there may be some changes in the tourist industry because of the tax, not all of them beneficial for the state. But the revenue produced by the new tax will help maintain essential public programs. The general consensus is that the new transient accommodations tax will provide needed revenues to the state without unduly affecting Hawaii's tourist industry or economy.

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